



"People  
helping people  
help  
themselves"

Mitchell E. Daniels, Jr., Governor  
State of Indiana

**Indiana Family and Social Services Administration**  
402 W. Washington Street  
Indianapolis, IN 46206

E. Mitchell Roob Jr., Secretary  
Family and Social Services Administration

To: Mitchell E. Daniels, Jr., Governor  
E. Mitchell Roob Jr., FSSA Secretary  
Date: September 12, 2005  
From: *Members of the Indiana Prescription Drug Program Advisory Committee* - State Representative Vaneta Becker, Dr. Steven Counsell, Emily Hancock, Gerianne Hap, State Representative Clyde Kersey, Allen Lauer, David Miller, Dr. Michael Przybylski, State Senator Marvin Riegsecker, Jewell Spears, Finis Springer, Twyla Stech  
Re: **Prescription Drug Advisory Committee Recommendations for the Prescription Drug Program**  
Cc: Jeanne LaBrecque, Mike Fowler, Grace Chandler

House Enrollment Act (HEA) 1325, of the 2005 legislative session, requires the Prescription Drug Advisory Committee to make program design recommendations to your office and the Office of the Secretary of Family and Social Services Administration (FSSA) to allow coordination between the Indiana Prescription Drug Program for Seniors and the federal Medicare Prescription Drug Benefit, which begins January 1, 2006.

**Below please find the Committee's recommendations for your review.**

The Prescription Drug Advisory Committee voted unanimously to recommend the following:

- Serve seniors - The Indiana Prescription Drug Program should continue to serve Indiana residents, age 65 or over, with incomes at or below 150% FPL, who have enrolled in a Medicare Prescription Drug Plan (PDP).
- Support the new Medicare drug benefit - The State will support the federal Medicare Prescription Drug Benefit by assisting seniors eligible for the Medicare benefit to enroll and participate with minimal disruption to their prescription drug coverage.
- Continuity of HoosierRx name - The Indiana Prescription Drug Program for Seniors should continue to be called HoosierRx. It has taken five years to build name recognition for a State program that helps seniors purchase their prescription drugs; both generic and brand name drugs. HoosierRx is recognized and respected by pharmacists, physicians, hospital social workers, Area Agency on Aging caseworkers, advocacy groups, and of course seniors with limited income. At a time when there are so many new Medicare and pharmaceutical programs being offered to this population, it is important for them to feel they can turn to this State program in which they have developed a confidence. Keeping the name HoosierRx will also allow the State to focus primarily on providing seniors with help paying for a Medicare Prescription Drug Plan and not having to promote a new program name. As other State programs are not changing their names (e.g. CHIP / Hoosier Healthwise), we strongly urge the Administration to allow the HoosierRx name to continue.



- CMS Qualified SPAP - The Program will be a “qualified” State Pharmaceutical Assistance Program (SPAP) under the Centers for Medicare and Medicaid Services (CMS). Being a “CMS qualified SPAP” allows any Medicare benefits that are paid by the State Program to count towards the total Medicare beneficiary’s True Out-Of-Pocket (TROOP) expense, prior to the catastrophic coverage beginning under the Medicare Prescription Drug Benefit. As well, as a qualified SPAP, Indiana can receive a CMS grant of nearly one million dollars to support Indiana’s SPAP – currently a two year grant under federal law.
- Recommended SPAP Benefit –
  1. Assist low-income seniors who are eligible for a partial subsidy through Medicare to equal those seniors who receive the full Medicare subsidy. The program will assist by paying the Medicare PDP monthly premiums, annual deductible, and part of the coinsurance. These seniors will have no premiums, day one coverage, small copayments of an estimated \$2 (generic) and \$5 (brand), no cost-sharing above catastrophic threshold and no gap in coverage.
  2. Assist seniors up to a higher income level, who are not eligible for a Medicare subsidy and whose income is up to 150% FPL, with the Medicare PDP monthly premiums and annual deductible. Assistance with drug coverage can help prevent costly medical events.
- Maximize State dollars - The Program will be administered to maximize savings to the State. Administrative costs will be kept low by paying less per member per month than the current program, while at the same time helping members acquire a more comprehensive benefit through Medicare, including catastrophic coverage. As well, the Program will utilize the Medicare drug plans as the initial vehicle for information about the available State help with their Medicare plan costs, with the goal of simplifying the enrollment process for seniors and spending less dollars on outreach.
- Community Partnerships - The Program will continue partnerships with organizations such as the Senior Health Insurance Information Program (SHIIP), American Association of Retired Persons (AARP), Area Agencies on Aging (AAA), Community Action Agencies, Rx for Indiana, and Township Trustees. These organizations help senior citizens understand the State and Federal Programs and will help make seniors aware of the available State assistance with the Medicare Prescription Drug Benefit.
- Review SPAP Model after six months - The Committee will revisit and review the SPAP model in July 2006, and will provide recommendations for any modifications.
- Expected Fiscal Impact and Number of Seniors Served - Assuming a 25% participation rate among Medicare beneficiaries in the Medicare Prescription Drug Program and under the above proposed SPAP benefit model, we estimate the proposed HoosierRx program will serve an additional 16,500 low-income senior citizens. The State cost for benefits under the above recommended SPAP benefits model is expected to be approximately \$9.6 million per year. Administrative costs for the program, as structured in this proposal, are estimated at less than 10% of benefit dollars, which the CMS SPAP grant will help cover.

The Prescription Drug Advisory Committee appreciates the opportunity to provide these recommendations to you and believes they will provide necessary and valuable benefits to Hoosier seniors in need of prescription drug assistance.

